

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
UTILITIES COMPANY FOR THE SIX-MONTH)	
BILLING PERIODS ENDING JANUARY 31, 2001,)	CASE NO.
JULY 31, 2001, JANUARY 31, 2002, AND)	2003-00068
JANUARY 31, 2003 AND FOR THE TWO-YEAR)	
BILLING PERIODS ENDING JULY 31, 2000 AND)	
JULY 31, 2002)	

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

June 2003

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
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JULY 31, 2002)	

DIRECT TESTIMONY OF LANE KOLLEN

1 **Q.** Please state your name and business address.

2

3 **A.** My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc.
4 ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia
5 30075.

6

7 **Q.** What is your occupation and by whom are you employed?

8

9 **A.** I am a utility rate and planning consultant holding the position of Vice President and
10 Principal with the firm of Kennedy and Associates.

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J. Kennedy and Associates, Inc.

1
2 **Q. Please describe your education and professional experience.**

3
4 A. I earned a Bachelor of Business Administration in Accounting degree from the
5 University of Toledo. I also earned a Master of Business Administration degree from
6 the University of Toledo. I am a Certified Public Accountant, with a practice license,
7 and a Certified Management Accountant.

8
9 I have been an active participant in the utility industry for more than twenty-five years,
10 both as an employee and as a consultant. Since 1986, I have been a consultant with
11 Kennedy and Associates, providing services to state government agencies and large
12 consumers of utility services in the ratemaking, financial, tax, accounting, and
13 management areas. From 1983 to 1986, I was a consultant with Energy Management
14 Associates, providing services to investor and consumer owned utility companies. From
15 1976 to 1983, I was employed by The Toledo Edison Company in a series of positions
16 encompassing accounting, tax, financial, and planning functions.

17
18 I have appeared as an expert witness on accounting, finance, ratemaking, and planning
19 issues before regulatory commissions and courts at the federal and state levels on more
20 than one hundred occasions. I have developed and presented papers at various industry

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1 conferences on ratemaking, accounting, and tax issues. I have testified before the
2 Kentucky Public Service Commission on numerous occasions, including recent
3 Kentucky Utilities Company ("KU") and Louisville Gas and Electric ("LGE")
4 environmental cost recovery ("ECR") surcharge proceedings, fuel adjustment clause
5 ("FAC") proceedings, base ratemaking and alternative rate plan proceedings, and the
6 proceeding involving the merger of the two Companies. My qualifications and
7 regulatory appearances are further detailed in my Exhibit __ (LK-1).

8
9 **Q. On whose behalf are you testifying?**

10
11 A. I am testifying on behalf of the Kentucky Industrial Utility Customers, Inc. ("KIUC"), a
12 group a large users taking electric service on the KU system.

13
14 **Q. What is the purpose of your testimony?**

15
16 A. The purpose of my testimony is to address KU's proposal to recover through the ECR
17 the effects of an error that KU recently identified in the Commission's base rate Order in
18 Case No. 98-474.

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1 **Q. Please describe the error identified by the Company, its origination, and the**
2 **Company's proposed remedy.**

3
4 A. KU recently identified an error in the Commission's Order in its last base rate
5 proceeding (Case No. 98-474), which relied upon a 1998 test year. This error occurred
6 in one of the quantifications made to separate the ECR revenue, expense, rate base, and
7 rate of return components from the Company's base rate components. The Commission
8 incorrectly removed from base rates more environmental O&M expense than the
9 Company was authorized to recover through the ECR. Consequently, the amount of
10 base O&M expense was understated, but the amount of the ECR recovery remained
11 unaffected.

12
13 More specifically, the Commission removed the gross (total) amount of the Company's
14 environmental O&M expense for the 1998 test year, rather than the net (the gross
15 amount less an O&M baseline credit for the twelve months ending May 1994) amount
16 KU was authorized to recover through the ECR pursuant to the Commission's Order in
17 Case No. 93-465. The Commission correctly removed the net amount of plant-related
18 rate base and operating expense components consistent with its previous ECR Orders.

19
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1 To correct the error originating in the base rate case Order, the Company now seeks a
2 modification of the ECR formula to enable it to recover the gross amount of its
3 environmental O&M expense through the ECR by removing the offset for the O&M
4 baseline credit. The Company has not identified any other reason why the Commission
5 should allow recovery of these costs through the ECR.

6
7 **Q. What is the effect of the Company's proposal to correct this base rate case error**
8 **through the ECR?**

9
10 A. The Company proposes that this base rate error be retroactively corrected through the
11 ECR back to the June 2000 expense month, which is the effective date of the
12 Commission's Case No. 98-474 Order. The Company has quantified the retroactive
13 effect at \$3.187 million through the November 2002 expense month, according to Ms.
14 Foxworthy's Exhibit CAF-2 page 2 of 2. The Company requests recovery of the
15 retroactive amount over a four-month amortization period through the ECR, which
16 would increase the ECR surcharge recovery by \$0.797 million per month for each of
17 those four months.

18
19 In addition to the retroactive effect, the Company proposes that this error also be
20 corrected on an ongoing basis through the ECR. On an ongoing basis, the Company's

1 proposal would increase the ECR by approximately \$1.320 million annually, based on
2 the average 2002 jurisdictional amounts of \$0.110 million monthly, as detailed on Ms.
3 Foxworthy's Exhibit CAF-2 page 2 of 2.

4
5 **Q. Should the Commission adopt the Company's proposal in this proceeding?**

6
7 **A.** No. The Commission should reject the Company's proposal. The Company's proposal
8 lacks any principled basis and will frustrate the Commission's attempts to comply with
9 the ECR statute, the Supreme Court of Kentucky decision interpreting the ECR statute,
10 the ratemaking principles employed by the Commission, and the Commission's previous
11 ECR Orders.

12
13 First, the error originated in a base ratemaking proceeding, not an ECR proceeding.
14 There has been no error in the Company's ECR filings or the surcharge amounts
15 recovered from ratepayers due to this issue. There is no ECR error to correct. The error
16 can only be corrected in a base ratemaking proceeding.

17
18 Second, the Company's request seeks recovery of environmental O&M expenses that
19 the Commission already has determined are not related to the Company's approved 1994
20 and 2001 Compliance Plans. In Case No. 93-465, KU's initial ECR proceeding, the

1 Commission denied KU ECR recovery of environmental O&M expenses incurred for
2 environmental compliance prior to the adoption of and, therefore, unrelated to, the 1994
3 Compliance Plan. The Commission established the O&M baseline credit in order to
4 exclude these prior and unrelated costs from the ECR.

5
6 Third, the Company's request would require the Commission to reinterpret the ECR
7 statute in a manner that is directly contrary to the Supreme Court of Kentucky's Opinion
8 on this very issue of cost recovery. The Supreme Court of Kentucky has ruled that KU
9 can not recover through the ECR costs associated with environmental capital projects
10 built before January 1, 1993, the effective date of the ECR statute.

11
12 Fourth, the Company's request would create an internal mismatch and inconsistency
13 within the ECR. Currently, all environmental plant costs incurred prior to January 1,
14 1993 are removed from the ECR rate base, resulting in a "net" ECR rate base. In
15 addition, the depreciation expense and other taxes expense related to the pre-1993 plant
16 is removed from the ECR operating expenses, resulting in "net" operating expenses.
17 Similarly, all environmental O&M expenses not related to the 1994 and 2001
18 Compliance Plans are removed from the ECR operating expenses through the O&M
19 baseline credit, resulting in "net" ECR operating expenses. If the O&M baseline credit
20 is removed from the ECR operating expenses, then the ECR O&M expense will be

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1 stated on a “gross” basis, thereby creating a mismatch with the “net” basis of the other
2 ECR ratemaking components.

3
4 Fifth, the Company’s request would require the Commission to engage in improper
5 retroactive ratemaking. The Commission would have to determine that the ECR
6 formula should be changed retroactively to June 2000. In contrast to the Company’s
7 request, the Commission’s practice has been to change the ECR formula prospectively,
8 not retroactively, consistent with the ratemaking principle against improper retroactive
9 ratemaking.

10
11 Sixth, this error is not a “mathematical” error similar to the other corrections routinely
12 allowed by the Commission in the ECR and is not a “true-up” required by the
13 Commission for various estimated costs, such as the cost of capital utilized for the rate
14 of return on rate base. As such, this error, if corrected in the ECR, represents a
15 fundamental change in the ECR formula and should only be made prospectively in
16 accordance with Commission precedent.

17
18 **Q. KU contends that the Commission’s Order in Case No. 98-474 was not in error, but**
19 **rather contained an “inconsistency” in the treatment of environmental O&M**
20 **expenses, according to its response to KIUC-1-1. Please respond.**

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1
2 A. The Commission's Case No. 98-474 Order contained an error that resulted in an
3 inconsistency. If there was no error, there would be nothing to correct. In its Petition
4 for Rehearing in Case No. 98-474, the Company chose to describe three other alleged
5 errors related to the separation of base and ECR components as "errors" rather than
6 computational "inconsistencies." It chose to address those errors in the base rate
7 proceeding by seeking rehearing rather than waiting for an "opportunity" to address such
8 inconsistencies in future ECR proceedings.

9
10 **Q. Please provide a brief history of the Commission's decisions regarding the**
11 **exclusion of pre-1993 environmental costs from ECR recovery.**
12

13 A. In the Case No. 93-465 Order dated July 19, 1994, the Commission established an O&M
14 baseline credit for environmental O&M expenses incurred for the twelve months ending
15 May 1994. The Commission determined that the environmental O&M expenses booked
16 by the Company in future years should be reduced by this baseline amount in order to
17 avoid recovery of pre-1993 environmental O&M expenses through the ECR. This "net"
18 methodology provided KU with ECR recovery of its O&M expenses associated with the
19 1994 Compliance Plan, but excluded recovery of environmental O&M expenses
20 associated with prior compliance requirements. However, the Commission did not

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1 require the exclusion of plant-related rate base and other operating expenses
2 (depreciation and property tax expenses) related to the pre-1993 investment from ECR
3 recovery. The Supreme Court of Kentucky subsequently determined that such costs
4 should be removed from ECR recovery. The principle espoused by the Supreme Court
5 stated:

6 **All costs associated with the environmental capital projects built before**
7 **January 1, 1993, the effective date of KRS 278.183, cannot be included in**
8 **the surcharge.**
9

10 As a result of the Supreme Court decision, the Commission, in its Order dated August
11 17, 1999 approved a Settlement in Case No. 93-465 entered into by the parties that
12 established the methodology for removing the pre-1993 plant related rate base and other
13 operating expenses from ECR recovery. The Commission thus established the “net”
14 methodology for these components in addition to retaining the net methodology for
15 O&M expense. Consequently, all ECR rate base and operating expense components
16 were stated on a net basis in order to remove the pre-1993 environmental compliance
17 costs.

18
19 In Case No. 98-474, the Commission removed the ECR rate base, operating expense,
20 revenues, and rate of return components from the Company’s total costs in order to
21 determine the base rate components and thus, the base revenue requirement. The
22 Commission’s computations were detailed in Appendix B and Appendix C to that

1 Order, which I have replicated as my Exhibit___(LK-2). The first column of the
2 schedule in Appendix B represented the Company's total environmental costs before the
3 removal of the pre-1993 plant-related costs in accordance with the Settlement in Case
4 No. 93-465. The second column represented the effects of the Settlement in Case No.
5 93-465. However, the Commission did not reduce the O&M expense amounts by the
6 baseline credit. Hence, the error in the Case No. 98-474 Order was introduced that is the
7 subject of this testimony.
8

9 **Q. Did the Company petition the Commission for rehearing to correct this error in**
10 **Case No. 98-474?**

11
12 A. No.
13

14 **Q. Were there other errors in the Case No. 98-474 Order in the separation of the base**
15 **and ECR components?**

16
17 A. Yes. The Commission corrected two errors in response to KU's Petition for Rehearing
18 to correct three alleged errors. The Commission agreed to correct KU's cost of debt for
19 base rate purposes to reflect the exclusion of the debt reflected in the ECR formula. The

1 Commission also agreed to correct the jurisdictional allocation of ECR costs to reflect
2 an allocation to off-system sales.
3

4 **Q. The Company asserts that the effect of the error, “is in the ECR, where allowed**
5 **O&M expenses were not recovered in their entirety,” according to its response to**
6 **KIUC-1-4. Is this statement factually correct?**
7

8 **A.** No. The Commission determined in its Case No. 93-465 Order dated July 19, 1994 that
9 the Company was allowed ECR recovery of environmental O&M only for amounts in
10 excess of the O&M baseline amount. As such, the Commission specifically denied
11 recovery of the O&M baseline amount through the ECR. Thus, KU has recovered the
12 O&M expenses allowed for ECR recovery in their entirety.
13

14 **Q. The Company asserts in this proceeding that it had no previous opportunity to**
15 **correct this error. Do you agree?**
16

17 **A.** No. The Company had the opportunity to correct this error on rehearing in Case No. 98-
18 474. The Order on Rehearing in that proceeding is now final and the rates are now final,
19 subject to annual adjustment through the operation of the ESM.
20

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1 **Q. Did the Commission modify the ECR formula or otherwise address ECR recovery**
2 **in the Case No. 98-474 Order?**

3
4 A. No. This is an important point because there is no ECR error. The error was in the
5 computation of the base revenue requirement. The ECR formula was established by the
6 Commission in prior ECR proceedings, and in accordance with the ECR statute and the
7 Supreme Court of Kentucky's interpretation of that statute.

8
9 **Q. Does the Company's proposal violate the prohibition against retroactive**
10 **ratemaking?**

11
12 A. Yes. First, the Company's request seeks to modify a final base rate Order more than
13 three years after it was issued. Simply seeking the modification in another regulatory
14 forum, in this case the ECR, does not change that fact.

15
16 Second, the Company's request involves a fundamental change in the ECR formula in
17 order to remove the O&M baseline credit. Assuming that there are not other legal
18 prohibitions, any change can only be made prospectively in accordance with ratemaking
19 principles and consistent with Commission precedent.

20

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1 **Q. Historically, has the Commission changed the ECR formula retroactively?**

2
3 A. No. Historically, the Commission has not changed the ECR formula retroactively. For
4 example, in Case No. 2000-106, the Commission agreed with KU that a change should
5 be made prospectively to modify the ECR jurisdictional allocation by excluding the
6 revenues from sources not associated with the generation of electricity.

7
8 In Case No. 2000-439, the Commission implemented another change prospectively to
9 modify the ECR jurisdictional allocation by excluding the revenues KU paid pursuant to
10 the OATT for use of its own transmission facilities when making off-system sales. The
11 Commission also prospectively changed the computation of the rate of return for the
12 1994 Plan to reflect current PC-debt interest rates and to provide for a true-up during the
13 six-month reviews for actual costs during those periods. The Commission also
14 determined that the depreciation rates on both the 1994 Plan and 2001 Plan could be
15 reset only prospectively after it had issued its Order authorizing such changes in another
16 proceeding. In addition, the Commission established for prospective application a new
17 rate of return methodology to be applied to the Company's 2001 Compliance Plan that
18 was based upon an overall rate of return including short term debt and accounts
19 receivable financing as debt, as well as the requirement to true-up to reflect changes in

1 the capital structure and the cost of debt and preferred stock during future six month
2 review proceedings.

3
4 **Q. Is the Company's proposed change in the ECR formula the same as the correction**
5 **of "mathematical" errors or the "true-ups" required by the Commission in**
6 **previous Orders?**

7
8 A. No. A change in the ECR formula itself is not a "mathematical" error similar to the
9 other corrections routinely allowed by the Commission in the ECR. Historically, the
10 Commission has corrected mathematical errors involving inadvertent computational
11 errors and incorrect amounts. The Company has proposed the correction of several
12 mathematical errors in this proceeding. Such mathematical errors generally should be
13 corrected.

14
15 A change in the ECR formula also is not the same as the various "true-ups" required by
16 the Commission for various estimated costs, such as the cost of capital utilized for the
17 rate of return on rate base, or for actual ECR revenues compared to estimated recovery.

18
19 **Q. Does this complete your testimony?**

20 A. Yes.

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SURCHARGE MECHANISM OF KENTUCKY)	
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<p>EXHIBITS</p> <p>OF</p> <p>LANE KOLLEN</p>

ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

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June 2003

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

More than twenty-five years of utility industry experience in the financial, rate, tax, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

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RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to

Present: J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Minnesota, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and West Virginia state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to

1986: Energy Management Associates: Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to

1983: The Toledo Edison Company: Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

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J. KENNEDY AND ASSOCIATES, INC.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
Connecticut Industrial Energy Consumers	Occidental Chemical Corporation
ELCON	Ohio Industrial Energy Consumers
Enron Gas Pipeline Company	Ohio Manufacturers Association
Florida Industrial Power Users Group	Philadelphia Area Industrial Energy
General Electric Company	Users Group
GPU Industrial Intervenors	PSI Industrial Group
Indiana Industrial Group	Smith Cogeneration
Industrial Consumers for	Taconite Intervenors (Minnesota)
Fair Utility Rates - Indiana	West Penn Power Industrial Intervenors
Industrial Energy Consumers - Ohio	West Virginia Energy Users Group
Kentucky Industrial Utility Consumers	Westvaco Corporation
Kimberly-Clark	

Regulatory Commissions and Government Agencies

Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

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RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation

Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

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**Expert Testimony Appearances
of
Lane Kollen
As of June 2003**

Date	Case	Jurisdct.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co	Revenue requirements. Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.

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**Expert Testimony Appearances
of
Lane Kollen
As of June 2003**

Date	Case	Jurisdct.	Party	Utility	Subject
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR- 87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017 -1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery
5/88	M-87017 -2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling

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**Expert Testimony Appearances
of
Lane Kollen
As of June 2003**

Date	Case	Jurisdic.	Party	Utility	Subject
7/88	M-87017- -1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92
7/88	M-87017- -2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170- EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171- EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial Considerations, working capital.
10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.

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**Expert Testimony Appearances
of
Lane Kollen
As of June 2003**

Date	Case	Jurisdic.	Party	Utility	Subject
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co	Cancellation cost recovery, tax expense, revenue requirements
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements detailed investigation

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**Expert Testimony Appearances
of
Lane Kollen
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Date	Case	Jurisdct.	Party	Utility	Subject
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Fuel clause, gain on sale of utility assets
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue require- ments.

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**Expert Testimony Appearances
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Date	Case	Jurisdic.	Party	Utility	Subject
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.

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**Expert Testimony Appearances
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Date	Case	Jurisdct.	Party	Utility	Subject
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenor	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger. Corp.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger. Corp.
4/93	92-1464- EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger. Corp.

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**Expert Testimony Appearances
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Date	Case	Jurisdct.	Party	Utility	Subject
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post- Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.

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**Expert Testimony Appearances
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Date	Case	Jurisdct.	Party	Utility	Subject
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				

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Date	Case	Jurisdct.	Party	Utility	Subject
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition, asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC No 14967	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.

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**Expert Testimony Appearances
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Date	Case	Jurisdct.	Party	Utility	Subject
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. and Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.

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**Expert Testimony Appearances
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Date	Case	Jurisdic.	Party	Utility	Subject
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.

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**Expert Testimony Appearances
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Date	Case	Jurisd.	Party	Utility	Subject
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro- Electric Co	Restructuring, unbundling, stranded costs, T&D revenue requirements
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.

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**Expert Testimony Appearances
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Date	Case	Jurisdic.	Party	Utility	Subject
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers mechanisms	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery
4/99	99-02-05	CT	Connecticut Industrial Utility Customers mechanisms	Connecticut Light and Power Co	Regulatory assets and liabilities stranded costs, recovery
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co	Louisville Gas and Electric Co and	Alternative regulation

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Date	Case	Jurisdic.	Party	Utility	Subject
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro- Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, and American Electric Power Co.	Merger Settlement Stipulation.
7/99	97-596 (Surrebuttal)	ME	Maine Office of Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452- E-GI	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 (Surrebuttal)	ME	Maine Office of Public Advocate	Maine Public Service Co	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
8/99	98-474 98-083 (Rebuttal)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co	Louisville Gas and Electric Co. and	Alternative forms of regulation.
8/99	98-0452- E-GI (Rebuttal)	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.

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Date	Case	Jurisdct.	Party	Utility	Subject
10/99	U-24182 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues
11/99	21527	TX	Dallas-Ft.Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs
04/00	99-1212-EL-ETPOH 99-1213-EL-ATA 99-1214-EL-AAM		Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
01/00	U-24182 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
05/00	2000-107	KY	Kentucky Industrial Utility Customers	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Affiliate expense proforma adjustments
05/00	A-110550F0147 PA		Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
07/00	22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.

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Date	Case	Jurisdct.	Party	Utility	Subject
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments
10/00	PUC 22350 SOAH 473-00-1015	TX	The Dallas-Ft. Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 (Affidavit)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009		Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, LA U-20925, U-22092 (Subdocket C) (Surrebuttal)		Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 (Direct)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues
01/01	U-21453, U-20925 and U-22092 (Subdocket B) (Surrebuttal)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.,	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. KY 2000-386		Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co	Recovery of environmental costs, surcharge mechanism
01/01	Case No. KY 2000-439		Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism

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Date	Case	Jurisdct.	Party	Utility	Subject
02/01	A-110300F0095 PA A-110400F0040		Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy	Merger, savings, reliability.
03/01	P-00001860 PA P-00001861		Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. and Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution (Rebuttal)	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, Separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Review requirements, Rate Plan, fuel clause recovery
11/01 (Direct)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.

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Date	Case	Jurisdct.	Party	Utility	Subject
11/01 (Direct)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	25230	TX	Dallas Ft.-Worth Hospital Council & the Coalition of Independent Colleges & Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02 (Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02 (Rebuttal)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, earnings sharing plan, service quality standards.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02 (Supplemental Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 and U-22092 (Subdocket C)		Louisiana Public Service Commission Staff	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01- 88-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.

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Date	Case	Jurisdct.	Party	Utility	Subject
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
04/04	2002-00429 2002-00430	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527 I	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
06/03	EL01- 88-000 Rebuttal	FERC	Louisiana Public Service Commission Statt	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.

007702

J. KENNEDY AND ASSOCIATES, INC.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
UTILITIES COMPANY FOR THE SIX-MONTH)	
BILLING PERIODS ENDING JANUARY 31, 2001,)	CASE NO.
JULY 31, 2001, JANUARY 31, 2002, AND)	2003-00068
JANUARY 31, 2003 AND FOR THE TWO-YEAR)	
BILLING PERIODS ENDING JULY 31, 2000 AND)	
JULY 31, 2002)	

EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

June 2003

007703

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 98-474 DATED January 7, 2000

Exclusion of KU's
Environmental Surcharge Components

007704

Notes for Appendix B – Environmental Surcharge Components

KY Jurisdictional Allocation Factors taken from Response to KIUC's 3rd Data Request, dated April 30, 1999, Item 38(b).

"12/31/98 Balances" are taken from the following monthly environmental surcharge reports –

Rate Base Items are from the December 1998 expense month, filed on January 22, 1999. The balances for Spare Parts and Limestone represent the 13-month average balances for those accounts. The information was taken from the monthly filings from December 1997 through December 1998.

Operating Statement Items reflect the sum of the January through December expense month amounts submitted on the appropriate monthly filings.

"Settlement Adjustments" reflect those amounts KU determined should be removed from the environmental surcharge in conjunction with the Settlement Agreement filed in Case No. 93-465. All adjustments are taken from Exhibit B, pages 6 and 32. The adjustment amounts, where applicable, were determined as follows –

Pollution Control Utility Plant was taken from Exhibit B, page 32, 12/31/98 Balance.

Accumulated Depreciation on Pollution Control Utility Plant was taken from Exhibit B, page 32, 12/31/98 Balance.

Deferred Income Taxes was taken from Exhibit B, page 32, 12/31/98 Balance.

Deferred Investment Tax Credits was calculated, based on an examination of Exhibit B, pages 3 and 18. From these pages, it has been determined that the entire balance of deferred investment tax credits was removed by the Settlement Agreement. Subsequent surcharge filings made by KU since the implementation of the Settlement Agreement support this conclusion.

Depreciation Expense was taken from Exhibit B, page 32, 12/31/98 Balance. This monthly amount was multiplied by 12 to arrive at an annual amount.

Property Taxes was taken from Exhibit B, page 6. This monthly amount was multiplied by 12 to arrive at an annual amount.

The allocation title "DEMPROD" was used for "Proceeds from Allowance Sales and By-Product Sales" as this was the allocation title used for Pollution Control Utility Plant and Emission Allowance inventory.

007705

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 98-474 DATED January 7, 2000

Determination of KU's Kentucky Jurisdictional Capitalization

The determination of KU's jurisdictional capitalization reflects the allocation of the total company capitalization using a factor based on KU's unadjusted, actual test period jurisdictional rate base compared to the total company rate base.

	<u>KY Jurisdictional Rate Base at 12/31/98</u>	<u>Other Jurisdictional Rate Base at 12/31/98</u>	<u>Total Company Rate Base at 12/31/98</u>
Total Utility Plant In Service	\$2,306,250,067	\$379,277,285	\$2,685,527,352
Add:			
Materials & Supplies	40,574,387	6,822,004	47,396,391
Prepayments	771,530	96,333	867,863
Emission Allowances	535,834	92,821	628,655
Cash Working Capital Allowance	43,733,687	6,598,079	50,331,766
Subtotal	\$ 85,615,438	\$ 13,609,237	\$ 99,224,675
Deduct:			
Accum. Depreciation	1,030,562,566	177,620,118	1,208,182,684
Customer Advances	1,211,950	53,167	1,265,117
Accum. Defer. Taxes	247,537,964	44,302,232	291,840,196
Investment Tax Credit	18,582,413	3,719,171	22,301,584
Subtotal	\$1,297,894,893	\$225,694,688	\$1,523,589,581
NET ORIGINAL COST RATE BASE	<u>\$1,093,970,612</u>	<u>\$167,191,834</u>	<u>\$1,261,162,446</u>

Percentage of KY Jurisdictional Rate Base to Total Company Rate Base 86.74%

Materials and Supplies and Prepayments reflect the 13-month average balances, as shown on Appendix A. The Prepayments do not include an amount for the PSC Assessment, as described in the Order. With the exception of Materials and Supplies, Prepayments, and Cash Working Capital Allowance, the Kentucky jurisdictional amounts were taken from the Response to the Commission's July 16, 1999 Order, Item 1(f). The Total Company amounts were taken from the Response to KIUC's 3rd Data Request dated April 30, 1999, Item 38(b), page 2 of 32. Cash Working Capital Allowance was calculated taking by adding operation expenses and maintenance expenses, subtracting purchased power, and multiplying the result by 1/8th.

007706

APPENDIX C (continued)

Allocation of Total Company Capitalization to Kentucky Jurisdictional Capitalization

<u>Component of Capitalization</u>	<u>Total Company Balances at 12/31/98</u>	<u>Adjustments to Total Co. Capitalization</u>	<u>Adjusted Total Company Capitalization</u>	<u>Capital Structure</u>	<u>KY Juris. Capitalization</u>	<u>Adjustments to KY Juris. Capitalization</u>	<u>Adjusted KY Jurisdictional Capitalization</u>
Long-Term Debt	546,330,000	(962,636)	545,367,364	45.83%	473,051,652	(126,445,340)	346,606,312
Preferred Stock	40,000,000	(70,427)	39,929,573	3.35%	34,634,912	(0)	34,634,912
Common Equity	<u>606,712,973</u>	<u>(1,929,860)</u>	<u>604,783,113</u>	<u>50.82%</u>	<u>524,588,872</u>	<u>(0)</u>	<u>524,588,872</u>
Total Capitalization	<u>1,193,042,973</u>	<u>(2,962,923)</u>	<u>1,190,080,050</u>	100.00%	<u>1,032,275,436</u>	<u>(126,445,340)</u>	<u>905,830,096</u>

Long-Term Debt, Preferred Stock, and Common Equity were allocated to Kentucky Jurisdictional Capitalization by applying the Kentucky Jurisdictional Rate Base percentage of 86.74% to the Adjusted Total Company Capitalization Balances.

Adjustments to Total Company Capitalization:

	<u>Investment in EEI</u>	<u>Equity in EEI Earnings</u>	<u>Other Investments</u>	<u>Total Adjustments</u>
Long-Term Debt	593,347	0	369,289	962,636
Preferred Stock	43,409	0	27,018	70,427
Common Equity	<u>659,044</u>	<u>860,638</u>	<u>410,178</u>	<u>1,929,860</u>
Totals	1,295,800	860,638	806,485	2,962,923

The allocation of the Investment in EEI and Other Investments was based on the test period actual capital structure. This capital structure was composed of 45.79% Long-Term Debt, 3.35% Preferred Stock, and 50.86% Common Equity. The assignment of the Equity in EEI Earnings totally to Common Equity results in the adjusted Capital Structure shown in the schedule above. The Other Investments reflect KU's investment in the Ohio Valley Electric Corporation and various county industrial development programs.

Adjustments to Kentucky Jurisdictional Capitalization:

This adjustment reflects the removal of the Kentucky Jurisdictional balances for KU's environmental surcharge. The jurisdictional balances are presented in Appendix B to this Order. The net adjustment of \$126,445,340 represents the sum of the Pollution Control Utility Plant and Pollution Control CWIP plus Spare Parts, Limestone, and Emission Allowances, less Accumulated Depreciation on Pollution Control Plant. The allocation was to Long-Term Debt, as described in the Order. The resulting capital structure is 38.20% Long-Term Debt, 3.83% Preferred Stock, and 57.91% Common Equity.